+ That the extreme [illegible]
Rumania is

not approved by the public may also be seen from the following excerpts culled from an article published by the same paper on May 15th, 1932: "There is a profound difference between industries which utilize local raw materials and such pseudo-industries which import from abroad semi-manufactured materials and finish them off in this country. . . . The importation of semi-manufactured goods is in the great majority of cases carried on solely to evade the Customs tariffs, and if we do not see things as they are, this is on account of private interests, for the sake of which we allow a prejudicial system to continue to function. . . ."

The *Argus*, too, several times attempted to call public attention to the nefarious results of the policy of bolstering up artificial industries, and especially in the case of the textile industry, on which it wrote as follows: "Why are clothing materials so costly? Because our protected textile industry sells its products at the same price as the goods imported from abroad. The encouragement given to the textile industry has resulted in increasing the cost of wearing apparel because industrialists are not content with a reasonable profit, and as a result a woollen suit to-day is a luxury. When our Custom tariff is to be revised the interests of industrialists alone should not be considered, but also those of the consumers."

As one may infer from the above, this policy of industrialization was a wild scheme which materialized on a large scale, chiefly because various politicians had been directly interested in the manufacturing concerns which had been started.

The case of the paper industry may be cited as an example. All the paper mills belonged to or were controlled by friends or relatives of the Bratianus. In order to secure big profits an import duty of 50 per cent was placed on paper, creating thereby a virtual monopoly of the paper trade on behalf of the owners of the mills. As they could dictate their will to the Chamber, the high duty was maintained in spite of the protest of the Opposition. For not only the public at large suffered by the high price of such an essential commodity as paper, but political interests were equally affected. Opposition parties had to pay high prices

for the paper necessary for their pamphlets and newspapers, while the Bratianus' Press organs naturally enjoyed preferential rates. Another deplorable result of this monopoly was the high cost of books. The same book published in Bulgaria cost about half as much as in Rumania, and this explains to some extent the high percentage of illiterates in the latter country, which according to the *Lupta* of May 18th, 1932 reached as high a percentage as 70 per cent of the total population. The creation of industries, the raw material of which is not indigenous, is likely in the long run to prove extremely wasteful. They are clearly of a parasitic nature, and their maintenance will not only continue to be a charge on the Revenue but is likely to continue to handicap very seriously Rumania's staple industry, agriculture. The initial costs of installation are necessarily high, for foreign experts have to be called in to set up the machinery, supervise, and train the native workpeople, since there is a lack of experienced workmen. Moreover the stringency of monetary resources and the high rates of interest ruling necessitate a high return on capital that can be secured only by selling the manufactured article at the highest possible price, a level which is usually fixed by the cost of the corresponding foreign article, on which a heavy duty has been imposed. The high prices will forcibly curtail output since the latter is adjusted to the capacity of the local market, the possibilities of which are restrained owing to the low buying power of the peasantry. The more consumption is reduced the more manufacturers will endeavour to recoup themselves by further raising their prices, which can be attained only by increasing the protective duty. Thus a vicious circle is created, to the great disadvantage of the peasantry, who constitute 80 per cent of the population and who have to defray in the same proportion the expenses of these experimental attempts to industrialize Rumania. It is obvious that the high prices paid by the peasantry for manufactured articles affect adversely the cost of agricultural produce; even the transport rates of the latter stand high in order to compensate for the low preferential rates granted to local manufactures. One need not, therefore, be surprised if Rumanian agriculturalists can no longer market their pro-

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C. PAPER AND PULP

With a normal consumption of only 3·3 kg. (7¼ lb.) of paper and board per head of the population, compared with 37 kg. (81·4 lb.) in Great Britain, Rumania is one of the smallest consumers in Europe. The country's requirements in ordinary grades of paper and board are well covered by about thirteen paper mills, some of which also manufacture both chemical and mechanical wood pulp.

Newsprint requirements are met by home production.

Pre-war (1936) production of chemical pulp was 37,000 tons and of mechanical wood pulp 9,000 tons, while the output of paper in the same year was 48,000 tons, and of cardboard 10,000 tons.

[439] Small imports of sulphate pulp normally came from Sweden, and of mechanical wood pulp from Austria.

In 1940 the production of paper rose to 105,150 tons, of which little more than half was sold internally and about 90 per cent. came from mills in the Rumanian Paper Cartel.

By the early part of 1942 a critical situation had arisen due to scarcity of fuel and raw materials.

The principal pulp and paper mills having four or five machines each and an annual capacity each of 24 30,000 tons of paper are as follows:—

(*a*) Fabrica de Celuloză Zărnești S.A., Brașov.
(*b*) "Letea" Fabrica de Hârtie Bacău.
(*c*) Fabrica de Hârtie "Bușteni" (C. & S. Schiel) at Bușteni.

The remaining mills, about ten in number, are much smaller, and three of them, with a combined capacity of 6/7,000 tons per annum, have come under Hungarian ownership following the Vienna Award.

Zărnești Cellulose Mill is of primary importance as the main source of chemical wood pulp for domestic consumption and export, and it is believed that this factory is now making special bleached cellulose for the manufacture of explosives. Elaborate machinery imported from Germany was installed with fair promptitude.

The utilisation of reeds from the Danube delta has not yet (July, 1943) begun, although much publicity has been given to this project in the local and German press, but a concession has been granted to a German-Rumanian Society, "Delta A.G." The Zărnești and Bușteni Paper Mills are participating and investigations are under way. A similar concession asked for by the Snia Viscosa concern in Italy is said to have been refused.

[434] In 1942 consumption of paper in the first half of the year amounted to over 90 per cent. of production, but in the second half-year the Cabinet imposed fresh restrictions on consumption in order to remedy the increasing shortage.

[439] There is a considerable trade with the Italian Government in bitumenised cardboard for walling and roofing military hutments, and it is believed that a part of these are imported from Scandinavia and exported (after bitumenising) to Italy and the U.S.S.R. for the Italian Expeditionary Forces. It is also likely that since the bombing raids on Italy, extra demands have been made for repair purposes.

[33 b]